Requirement of independent directors

147. SHRI R.C. SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that nearly 18,000 independent directors are required for Indian corporate sector so as to reduce corporate frauds such as the Satyam episode in the country;

(b) if so, whether any proposal has been mooted in his Ministry for setting up of an institute to train independent directors;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) All the companies listed with the stock exchanges are required to appoint Independent Directors, as per the Clause 49 of the Listing Agreement prescribed under the Securities and Exchange Board of India Act, for ensuring better corporate governance.

(b) to (d) Ministry of Corporate Affairs has recently set-up Indian Institute of Corporate Affairs (IICA) to function as a think-tank, action research, service delivery and capacity building support to the Ministry, corporate sector and other stake holders. Besides other functions, the Institute will also provide training to Indian Corporate Law Service officers and other stakeholders including independent directors.

Need for overhauling of corporate governance policy

148. SHRIMATI BRINDA KARAT: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Satyam scam highlighted the need for overhauling of corporate governance policy of India;

(b) if so, what corrective actions Government proposes to take to plug loopholes in corporate governance policy of India; and

(c) whether Government proposes to make suitable amendments to Companies Act and Accounting Standards?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) to (c) The Ministry of Corporate Affairs, after undertaking a comprehensive consultative process, has proposed to replace the Companies Act, 1956 with a new Act for which a Bill has already been introduced in the Parliament. The Companies Bill, 2008 suitably addresses various corporate governance issues and concerns including the Accounting Standards.

Reasons behind the Satyam Computers fraud

149. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Satyam fraud represents the breakdown of regulatory oversight or is due to the connivance of auditors; and

(b) what are the various investigations underway and by which agency and under what provisions of law with the maximum punishment under each provision?